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In the Supreme Court of the United States

October Term, 1972

No. 72-2

FRANK J. KAEHNI and MARIE KAEHNI,
Petitioners,

vs.

DIFFRACTION COMPANY,
Respondent.

PETITION FOR A WRIT OF CERTIORARI
To the United States Court of Appeals
For the Fourth Circuit

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PETITION FOR A WRIT OF CERTIORARI
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To The Honorable, The Chief Justice and the Associate Justices of the Supreme Court of the United States.

Your petitioners, Frank E. Kaehni and Marie Kaehni, respectfully pray that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Fourth Circuit entered February 14, 1973, a timely filed Petition for Reconsideration being denied March 30, 1973.

CITATIONS TO OPINIONS BELOW

The per curiam opinion and judgment of the U. S. Court of Appeals Fourth Circuit of which review is requested. The opinion and judgment of the United States District Court D. Maryland is printed in Appendix A of

this Petition. The District Court Opinion was published at 342 F. Supp. 523; 173 U.S.P.Q. 705. The Court of Appeals decision of February 14, 1973, not published to date, appears as Appendix B of this brief and its Order of Denial of Motion for Reconsideration entered March 30, 1973 appears as Appendix C of this brief.

JURISDICTION

The judgment of the Court below was dated February 14, 1973. The Petition for Rehearing was denied March 30, 1973.

The jurisdiction of this Court is invoked under the provisions of 28 U.S.C. Section 1254.

QUESTIONS PRESENTED

1. Is the right of free access to the Courts to be denied or discouraged by the imposition of a gigantic penalty against a plaintiff who sincerely and in good faith seeks redress in the Courts for the taking of his patent property granted to him by the United States?

2. Is an inventor who has complied with the patent statutes and obtained a patent to be deprived of the right to sue a manufacturer who he believes is infringing his patent by imposing such a financial obstacle in his path should technical expert witnesses disagree with him and the Court thereby find the inventor to have been wrong?

3. Are the District Courts granted such arbitrary power and unrestrained discretion by the provisions of 35 U.S.C. 285 and by the language of Rules 36 and 37 of the Civil Rules of Civil Procedure, that a losing plaintiff

(whose patent is still valid under the law) in a patent infringement action brought against a manufacturer be penalized for his asserted mistake on the issue of infringement by imposing on him the penalty of paying the compensation of the manufacturer's attorneys, the compensation of the manufacturer's president and chairman of the board, and the compensation of the technical expert witness engaged by the Court, involved in the trial of the case?

4. Has a person whose patent is valid and untouched by fraud, as losing plaintiff, been accorded due process of law by the taking from him of over $78,000.00 because the Court, advised by a technical expert witness in the involved scientific field (but not by an expert witness in the field of patent law), concluded that the losing plaintiff was "wrong"?

CONSTITUTIONAL PROVISIONS, STATUTES AND RULES

Constitution of the United States, Fifth Amendment:

> "No person . . . shall be deprived of life, liberty, or property without due process of law . . . ."

35 U.S.C. Section 285:

> "The Court in exceptional cases may award reasonable attorney fees to the prevailing party."

Federal Rules of Civil Procedure:

> Rule 36 (a)
>
> Rule 37 (c)

These rules appear in Appendix D of this brief.

STATEMENTS OF FACTS

On March 1, 1949 U.S. Letters Patent No. 2,463,280 (hereinafter referred to as "280") was issued to Plaintiff Frank E. Kaehni and his brother William Kaehni. William Kaehni died in 1950 and his sister Marie Kaehni is his successor in interest herein.

Suit for infringement was filed April 23, 1969 against defendant, The Diffraction Company, (hereinafter referred to as Diffraction) in the United States District Court for the District of Maryland.

U.S. Patent 280 issued March 1, 1949 consisted of four claims. Of the four claims only two were at issue.

U.S. Patent 280 was "directed" to a "Spectroscope Grating Having Spaced Zones of Diffraction Lines".

The issues of infringement involved scientific principles of light diffraction. The District Court, in apparent recognition of the complex technical nature of the matter before him, appointed a neutral technical expert witness, Dr. Carroll O. Alley, an acknowledged expert in the field of physics. The other technical expert, Dr. Henry M. Crosswhite, was engaged by Diffraction to testify for it on the scientific aspects of the case. The only expert witness acknowledged to be qualified on the subject of patent law and the interpretation of patent claims was Mr. Charles R. Rust, engaged by Kaehni. Mr. Rust gave his opinion that patent claims 1 and 4 read on the accused device and were infringed. Dr. Alley, a non-expert in the field of patent law, in response to a question by the Court stated "It's difficult for me to see how there is real infringement, your Honor".

There is no evidence of fraud or bad faith on the part of Kaehni. There is only the finding that Kaehni was mistaken, and the gratuitous speculation or expression of hindsight by the District Court, after the trial, that Kaehni should have known that he was mistaken.

At three different times the District Court Judge recognized the Court's inability to fully understand the complex nature of the subject matter and to fully appreciate the merits of the evidence in the case.

The first time was when the Court appointed a neutral expert witness, Dr. Alley, to advise him (although there appears to be no statutory provision for engaging and compensating such a court-appointed expert witness).

The second time was when, after the presentation of Kaehni's evidence at trial, the Court overruled Diffraction's motion for judgment. At that point in the trial, there was apparently no basis for a ruling of non-infringement.

The third time was when, after the presentation of all the evidence by both parties, the Court overruled Diffraction's motion for judgment. Even then the evidence of non-infringement was not sufficient to warrant the granting of such a motion.

It was after all this when the District Court concluded that the non-infringement by Diffraction should have been so obvious to Kaehni, that the Court decided to punish Kaehni for being wrong by imposing upon him Diffraction's attorneys' fees and all expenses incurred. Later, the bill of costs submitted by Diffraction and approved by the Court included all such fees and expenses totalling over $78,000.00 (see Appendix E)

The Bill of Costs listed the following:

Fees for Witnesses	$ 2,100.00
Fees for Exemplification and Copies of Papers necessarily obtained for use in case	$ 42.00
Costs Incident to Taking of Depositions	$ 800.37
Attorneys Fees	$41,684.96
Preparation of Court Exhibits	$ 1,200.00
Trial Attendance Hugh Wynd, President Diffraction Company	$ 300.00
Remson Wood, Chairman of Board Diffraction Co., travel expenses and time devoted to Litigation	$31,878.00
TOTAL	$78,005.33

The District Court in its decision also stated that "in the alternative, Diffraction is awarded its expenses due to plaintiffs' failure to admit". The basis for this "alternative" award is that Diffraction had under Rule 36 requested Kaehni to admit certain scientific or technical matters concerning exhibits prepared by Diffraction, and Kaehni had then entered his denial thereof, stating the reason for the denial was that the facts upon which the requests were based were primarily within Diffraction's knowledge and control, as permitted by the rule. This was necessary because Kaehni did not know how Diffraction had prepared the exhibits and, therefore, he could not reasonably make the admissions as requested. No ruling by the Court was then made on Kaehni's response.

In retrospect and after hearing testimony at trial, the District Court concluded that if Kaehni had made, without qualification, all the admissions requested of him, the issue

of infringement would have been disposed of and would have then resulted in judgment against him. By thus failing to "confess judgment" against himself, Kaehni was blamed for the expense of the trial that took place.

The District Court after trial concluded that Kaehni's testimony at trial did not coincide with the scientific testimony of the technical expert witnesses; and, therefore, Kaehni was "wrong". The Court reasoned that Kaehni should have admitted the scientific or technical matter which he had been requested to admit because Kaehni's testimony was contrary to the technical testimony of such scientific experts at the trial.

Plaintiffs timely filed their Notice of Appeal and Appellate Brief with the United States Court of Appeals for the Fourth Circuit. The Appellee filed its Brief along with a Motion for Summary Affirmance.

The Court of Appeals ruled that the appeal was to be heard on the briefs and denied oral argument.

On February 14, 1973, The United States Court of Appeals, Fourth Circuit, issued a Per Curiam Decision granting Diffraction Company's Motion for Summary Affirmance (Appendix B).

On February 28, 1973, Appellants filed a timely Motion for Reconsideration.

Appellant's Motion for Reconsideration was denied on March 30, 1973 (Appendix C)

REASONS FOR GRANTING WRIT

1. The decision below deserves the attention of this Court in that it denies or discourages the right of free access to the Courts by an inventor who sincerely and in good faith seeks redress in the Courts for the taking of his patent property granted to him by the United States.

Fundamental to the right of liberty and property in this country is the right of citizens to free access to the Courts. An inventor to whom a patent is issued by the Government to secure or protect his invention owns a property right. The patent statutes provide that he may sue in the District Courts an infringer of the patent, such as a manufacturer he believes is trespassing upon his property by infringing the patent.

If an inventor is to have added to all the burdens and obstacles he already faces in trying to protect his invention, the threat of a severe penalty imposed upon him should the District Court, advised by a technical expert, conclude that the inventor is wrong, then the burdens become insurmountable. If new inventions are important to the country, and the Constitutional provision authorizing patent statutes and the patent statutes themselves are premised upon such national importance, then such a judicially imposed obstacle to the right to enforce a United States patent is worthy of the consideration of this Supreme Court.

The Fifth Amendment to the Federal Constitution in providing that—

> "No person shall be deprived of life, liberty, or property, without due process of law"

assures as basic to such "due process of law" the right of access to the Courts.

The penalty provided in this case by the decisions below, unless this Supreme Court intervenes, is an inhibiting threat to other like individual inventors who would dare to seek to sue a manufacturer they consider to be infringing their patents.

Henceforth, a manufacturer need only cite or refer to the decisions below to a patentee of modest means who charges the manufacturer with infringement. With such a dangling sword suspended over him, a patentee of modest means, such as Kaehni, will not risk financial disaster to himself and his family. The result will be a shrugging off of serious charges of infringement by a manufacturing corporation when asked to stop infringement by any but a very well financed patent owner.

The due process of law to which patentees like others are entitled is diminished and impaired by such an obstacle to seeking justice in the Courts.

The degree and nature of the attention given by the Court of Appeals below to the Kaehni plea for protection is reflected in that Court's denial of an oral argument on the appeal, the affirmance on mere motion of the judgment of the District Court, and the short order of the affirmance (Appendix B). The issue is not only of extreme importance to Kaehni but is of such paramount importance to our system of jurisprudence and to patent owners generally that the intervention and review by this Court are warranted.

2. Congress could hardly have intended to grant arbitrary power and unrestrained discretion to the District Courts by enactment of 35 U.S.C. 285 and approval of Rules 36 and 37 of the Federal Rules of Civil Procedure, as to warrant the imposition of the severe penalty upon the plaintiffs here.

Congress by the Patent Act of 1952 enacted 35 U.S.C. 285 which briefly states, without guidelines, standards, or criteria whatever,

> "The court in *exceptional* cases may award reasonable attorneys' fees to the prevailing party."

Since that time of enactment, for lack of any restraints, conditions, or limitations other than the vague and indefinite word "exceptional", the courts below have been wrestling with the meaning and intent of this statute.

First of all, most courts have restrained themselves and only *rarely* have attorneys' fees been awarded to a prevailing party in a patent infringement action. Most of the courts steeped in the common law tradition of this country have not deemed it proper or healthy to award attorneys' fees to the winner, whether plaintiff or defendant.

Secondly, in those few cases wherein a court has awarded attorneys' fees to a defendant charged with infringement, it has been because of the clear invalidity of the patent usually on the basis of fraud or wrongdoing of the patentee in obtaining the patent. (In this case the Kaehni patent was not held invalid and is still valid under the statute.)

An example of where it was found that a patent was invalid by reason of the fraud and wrongdoing of the

patentee in obtaining the patent, and hence holding the patent infringement action to be "exceptional" so as to warrant the grant of reasonable attorneys' fees to the prevailing defendant, is found in the case of:

> *Monolith Portland Midwest Co. v. Kaiser Aluminum Corp.*, (9th Cir., 1969), 407 F.2d 288, 160 U.S.P.Q. 577.

No decisions have been found wherein the patent remained valid as here but in which such attorneys' fees were granted to the defending manufacturer merely because the inventor-patentee was concluded to have been "wrong" is his charge of infringement.

Thirdly, most of the courts who have been asked to award attorneys' fees to the prevailing party have sensed the gross opportunity for tyrannical abuse in deciding what is "exceptional" and have imposed self-restraint in exercising this tremendous responsibility.

It is of course self evident from the language of 35 U.S.C. 285 itself that in any event and under any circumstances only "reasonable attorneys' fees" may be awarded. The statute does not authorize the payment of compensation to the defendant's president and to the defendant's chairman of the board, for time involved in connection with the action. Yet such compensation to Diffraction's officers was ordered by the courts below in this case.

Some confusion was added by the District Court below, perhaps in doubt as to the extent of the authority granted by 35 U.S.C. 285, by making the equivocal statement:

> "Reasonable costs and attorneys' fees are awarded to Diffraction pursuant to 35 U.S.C. 285. *In the alterna-*

tive, Diffraction is awarded its expenses due to plaintiffs' failure to admit."

This award of "expenses due to plaintiffs' failure to admit" could only find a basis, if at all, in Rules 36(a) and 37(c) of the Federal Rules of Civil Procedure (Appendix D). However, Kaehni had, as expressly permitted by Rule 36, responded by stating the reasons why the requested admissions could not be made. That response was not questioned or ruled upon by the Court before trial. It was only after receiving technical advice from the neutral expert witness on the scientific aspects of the matter, that the Court in comparing Kaehni's testimony with that of the expert witness concluded that Kaehni should have made the requested admissions. The Court after trial seemed to consider that such admissions would have been a confession of judgment by Kaehni as dispositive of the issue of infringement.

As a consequence, Kaehni was thereupon saddled with all of Diffraction's expenses of the entire action, including all of its attorneys' fees, compensation for its president and board chairman, and expert witness' fees, all as spelled out in the Bill of Costs (Appendix E).

Rules 36 and 37 do not contemplate any such drastic action by a court to make the losing party pay for all the expenses of the entire case.

To take advantage of the strange precedent set by the decision below a party need only request its opponent to admit that the opponent had no basis for its position in the case. If such audacious request was not admitted then if the opponent to whom the request was made ultimately loses the case, the entire expenses of the winner would be borne by the loser. Such a suggestion of a new approach to litigation generates its own comment.

Surely, if Rules 36 and 37 mean anything they mean only that the actual cost of authenticating or proving a document or specific thing can be taxed against the one who wrongfully denied such document or thing. The rules could hardly be flexed and expanded to give a District Court the absolute and uninhibited authority to tax all of the expenses of the entire case, including attorneys' fees and payments to company officers, against the losing party just because he had not previously confessed judgment by making an admission regarding the technical aspects involved.

Restraint by the judiciary in exercising such powers is a traditional mark of the judicial system under our Constitutional insistence on due process of law.

Frank J. Kaehni is 76 years old and his sister Marie is 64 years old. They are of modest means and the penalty imposed upon them for Frank Kaehni being ruled to be wrong, because his testimony differed from that of a technical expert, is a financial disaster for them.

If the purpose of 35 U.S.C. 285 and Rules 36 and 37 is to punish and destroy those who are unsuccessful in seeking justice in the courts, then that purpose has been well served by the imposition of the penalty of over $78,000.00 against the Kaehnis in this case.

The questions of the scope, interpretation, and constitutionality of 35 U.S.C. 285 and of Rules 36 and 37, F.R.C.P., in respect to the imposition of penalties, so far as ascertained, have not previously been before this Supreme Court for consideration. These questions touch on public policy, involving both our judicial system and our patent system, and deserve the attention of this Court.

3. The American system of jurisprudence is opposed to placing obstacles to the right of free access to the Courts, such as by imposing a penalty on the losing party.

This Court has clearly set forth the distinctions between the American practice and the English practice in respect to discouraging litigation by subjecting the losing party to the burden of paying the winner's expenses. This distinction was discussed by this Court in holding that the attorneys' fees of the prevailing party were not to be taxed against the losing party in trademark infringement actions, in its decision stating:

> "As early as 1275, the courts of England were authorized to award counsel fees to successful plaintiffs in litigation. Similarly, since 1607 English courts have been empowered to award counsel fees to defendants in all actions where such awards might be made to plaintiffs."
>
> * * * * *
>
> "Although some American commentators have urged adoption of the English practice in this country, our courts have generally resisted any movement in that direction. The rule here has long been that attorney's fees are not ordinarily recoverable in the absence of a statute or enforceable contract providing therefor."
>
> * * * * *
>
> "In support of the American rule, it has been argued that since litigation is at best uncertain one should not be penalized for merely defending or prosecuting a lawsuit, and that *the poor might be unjustly discouraged from instituting actions to vindicate their rights*

if the penalty for losing included the fees of their opponents' counsel."

Fleischmann Distilling Corp. v. Maier Brewing Co., (1967), 386 U.S. 714, 87 S.Ct. 1404, 153 U.S.P.Q. 432.

The last sentence of the above quotation exactly fits the instant case. Kaehni and any other persons in similar financial circumstances would be "unjustly discouraged from instituting actions to vindicate their rights if the penalty for losing included the fees of their opponents' counsel", should the decision below stand.

Citing and following the *Fleischmann* decision of this Court, the Ninth Circuit Court of Appeals added its own emphasis by stating:

"Except when overriding considerations of justice compel them, it is the policy of federal and state courts to deny attorneys' fees in the absence of statutory authorization or agreement."

Forest Laboratories Inc. v. Pillsbury Co., (9th Cir. 1971), 452 F.2d 408, 171 U.S.P.Q. 731.

In view of the reasons so well stated by this Court in the *Fleischmann* decision, it is submitted that it is a *healthy* policy followed in this country to not discourage a man from trying to protect his property through the judicial system. Any inroads upon that policy are to be firmly resisted. Any statutory exception to that national policy should be carefully restricted and limited and not left to unrestrained discretion or arbitrary power to punish those who disagree. That historical and firmly entrenched doctrine of American law should be guarded and protected against erosion such as by the far-reaching decisions below.

SUMMARY

The decisions below, comprising the District Court's decision (Appendix A) and the Court of Appeals' decision of affirmance (Appendix B) and denial of reconsideration (Appendix C), deserve a review of this Supreme Court in view of how they modify our traditional judicial system and the manner in which they impair our patent system.

The nature of the Bill of Costs (Appendix E) is such as to warrant the intervention of this Court in order that justice may be done, not only to the Kaehnis but also to all others who face the same threat to their right of access to the courts.

The grant of the Writ of Certiorari is therefore requested.

Respectfully submitted,

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and
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Attorneys for Petitioners

APPENDIX A

Opinion of District Court

(Dated April 28, 1972)

Civil Action No. 20693

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND

FRANK J. KAEHNI and MARIE KAEHNI,

v.

THE DIFFRACTION COMPANY, INC.

NORTHROP, *Chief Judge.*

This is an action brought under the Patent Laws of the United States, Title 35 U.S.C., by Frank J. Kaehni and Marie Kaehni, plaintiffs, for infringement of U. S. Letters Patent No. 2,463,280 (hereinafter, "280"), issued March 1, 1949. Jurisdiction of this Court is based on 28 U.S.C. §1338; venue is not contested.

Plaintiffs contend that defendant, The Diffraction Company, Inc. (hereinafter, "Diffraction") manufactured and sold devices which infringed claims 1 and 4 of Patent 280, which claims read on figure 15 of said patent.

Diffraction admits manufacturing and selling the accused devices but denies that they infringe claims 1 and 4 of 280 as they read on figure 15 of the patent. Diffraction further challenges the validity of Patent 280.

Facts Leading to This Suit

Plaintiff, Frank J. Kaehni and his brother, William L. Kaehni (who is now deceased and whose interests have passed to their sister, plaintiff Marie Kaehni), have been engaged in scientific research and inventing since the 1920's. Together they claim to have secured approximately 100 patents of various scientific natures. On February 16, 1943, the Kaehni brothers filed a patent application for "Spectroscope Gratings Having Spaced Zones of Diffraction Lines." On May 10, 1946, after numerous rejections and amendments, the application which included 31 claims was finally rejected by the patent examiner. Rejection was based on the 1895 U. S. Patent of Jacobson (551,769), the 1939 British Patent of Browne, and on the prior publications of Lewis Wright in 1892 and R. W. Wood in 1934. *See,* "Record of Prosecution in the U. S. Patent Office (Patent No. 2,463,280)," which is in evidence in this case as Plaintiffs' Exhibit No. 45.

The inventions and devices involved in this litigation can best be described in lay terms by a brief review of their scientific evolution. Prior to the 1890's it was well-known that striations, or minute grooves, cut very close together (a matter of thousandths of an inch apart) on a fine, regular surface would have the effect of dispersing white light to form a brilliant color spectrum. The effect is known as "diffraction" and the properly prepared surface is known as a "grating." Mother Nature has produced diffraction gratings, for example, on mother-of-pearl. A man-made diffraction grating, it was thought, required that striations be cut in the form of closely-spaced concentric circles, usually by a diamond. The process was obviously quite tedious and expensive.

Wright's 1892 publication described such gratings on transparent bodies or surfaces. Jacobson's 1895 patent described a diffraction grating that could be more economically produced by ruling one continuous, spiral line (as compared to innumerable, separate, concentric lines) on an opaque surface. Kaehni's 31 claims described various spectroscopic gratings on transparent surfaces as well as the methods and instruments used to produce them. The patent examiner felt that Kaehni's claims were unpatentable over Wright, and Jacobson, and a combination of the two, because they were, *inter alia,* the full equivalent of, or obviously disclosed by, one or the other or both. *See* pp. 101-106 of Plaintiffs' Exhibit No. 45.

The Board of Appeals of the Patent Office, in a decision dated November 26, 1947, reversed the examiner's rejection as to four claims and affirmed as to the remaining claims. The four claims granted were allowed because they employed a plurality of Jacobson-type gratings or grating zones which were to be separated by a predetermined space in order to isolate specific colors or focus on a specific point. This was thought not to be disclosed in or suggested by earlier references. Rejection of the other 27 claims was affirmed because, *inter alia,* they were premised on the advantages of one continuous, spiral line (Jacobson's Patent) and did not involve a plurality of gratings. Kaehni's patent 280, issued March 1, 1949, is in evidence as Plaintiffs' Exhibit No. 34.

Of the four claims allowed in Kaehni's patent, two are at issue here, numbers 1 and 4, which read:

> 1. A transparent spectroscope grating having separated coaxial circular zones of grating lines of predetermined spacing and a relation to each other and uniformly spaced in each zone, whereby diffracted

light rays through one may pass through the other and be observed at a common point.

4. A spectroscope comprising a transparent body having parallel sides, grating lines comprising minute grooves of uniform depth formed in a circular zone on opposite sides and within concentric circular bands, the spacing of lines being such that light diffracted into the body from one band is again diffracted by the second band to a focal point on an axis concentric with both zones.

It is agreed by all parties that these claims read only on figure 15 of the patent.

Testimony at trial disclosed that this patent had never been commercially exploited during the 17 years of Kaehni's monopoly. In 1950, plaintiffs became aware that Edmund Scientific Company of New Jersey was marketing, via catalogue, jewelry which incorporated diffraction gratings. In discussions with his brother, plaintiff had decided that these devices infringed 280 and notified their patent attorney to that effect.

Beginning in 1962, Kaehni corresponded, through a succession of counsel, with Edmund Scientific regarding a possible licensing of 280 and other possible commercial uses, beyond jewelry, for 280 as well as other of Kaehni's inventions. By 1964, Kaehni was communicating with defendant Diffraction, having been advised by Edmund that Diffraction was the manufacturing source.

On March 1, 1966, patent 280 expired. On April 23, 1969, this suit was filed. On the same day, or shortly thereafter, similar suits were filed by Kaehni against various defendants, including Edmund Scientific, who handled Diffraction's accused devices in the marketing

chain ending with retailers. A total of nine defendants were named in three different federal district courts. On March 31, 1970, The Judicial Panel on Multidistrict Litigation ordered the nine suits, designated MDL Docket No. 36, consolidated for pretrial and discovery proceedings in this court, pursuant to 28 U.S.C. §1407. Upon completion of all pretrial proceedings and upon agreement of all counsel, it was decided to proceed to trial with this suit, as the outcome would be dispositive of the questions of validity and infringement. *See* the Supreme Court's recent decision in the case of *Blonder-Tongue Lab., Inc. v. University of Illinois Found.*, 402 U.S. 313 (1971). Consequently, this suit came to trial on those questions alone, with damages to be determined in separate trials for each suit in the court where suit was originally filed, in the event validity and infringement were established here.

Infringement

The accused devices manufactured by Diffraction are flat discs varying in size from approximately ⅜ inch to one inch in diameter. The discs are incorporated into jewelry for the ornamental effect of the changing color spectrum they reflect when exposed to ordinary light. The end product is available in the form of earrings, cuff links, tie clasps, necklaces, bracelets, etc., is inexpensive, and is commonly categorized as "costume jewelry." *See* Plaintiffs' Exhibits 1 through 32.

The reflective discs are diffraction gratings. They are produced by stamping aluminum-coated plastic strips with a die on which has been engraved a continuous spiral striation. Plaintiffs' Exhibit 15, which contains four such impressions is perhaps the most useful example of the accused devices in this case. Dies used by Diffraction, and, of course, the resultant impressions, contain approxi-

mately twelve thousand striations to the linear inch (counting outward from the center of the disc to the outer edge). After the aluminum-coated plastic has been stamped by the die, a diffraction grating remains on the surface of the aluminum. Simultaneously, the die impresses a diffraction grating on the aluminumized side of the plastic substrate.

Thus the major point in issue in this case arises: Does the accused device have, or operate as, *two* diffraction gratings or *one*? If the latter is true, the device cannot possibly infringe as alleged, Kaehni's patent being limited to a plurality of gratings or grating zones.

Needless to say, the Court had the benefit of expert testimony in making this critical, if not dispositive, finding. However, I pause to note that the highly technical, scientific nature of this case was apparent sometime ago. Accordingly, it was agreed in a hearing on pretrial motions some two months before trial, that a neutral court-appointed expert witness would be retained, with the losing party paying the expense. This procedure was first employed two decades ago in patent litigation involving such questions by the late Judge William C. Coleman of this Court. The procedure developed by Judge Coleman and used in this case includes prior agreement in principle by all parties, party participation in selection to insure neutrality, advance preparation by the neutral expert, his presence during all of the trial, including access to exhibits, his conducting such out-of-court experiments as he deems necessary, and his testimony at the end of the trial (subject to examination by both parties) wherein he states his findings and conclusions. The Court is not bound by the neutral expert's opinion.

Judge Coleman's practice was published in 1958, at 21 F.R.D. 548, and in 1961 was incorporated into and approved

as an alternative procedure by the *Handbook of Recommended Procedures for the Trial of Protracted Cases*, 25 F.R.D. 351, 421 (1960), which was adopted by the Judicial Conference of the United States in March, 1961. This is a procedure that falls within the discretion of a trial judge and is especially useful "where a fact of a scientific nature can be ascertained with some degree of definiteness by one well-versed in the field." 40 F.R.D. 38 (1967).

The neutral expert agreed upon by the parties to this action was Dr. Carroll O. Alley, Professor of Physics and Optics at Princeton University, The University of Rochester, and presently at the University of Maryland. His credentials are impressive and include, *inter alia*, being head of a team of scientists that designed reflectors (utilizing diffraction principles) which were placed on the moon by Apollo 11. In advance of trial, he studied the patents relevant to the case, including the Kaehni patent prosecution file (Plaintiffs' Exhibit 45), he heard all testimony, examined all exhibits, and on occasion asked questions of witnesses, he conducted experiments at night during the course of the trial, and he testified and was cross-examined by both parties as well as the Court. Dr. Alley did not confer with the Court off the record. His testimony will be referred to as this opinion proceeds to the Court's findings.

I now return to consider the question of whether the accused devices operate as one or two diffraction gratings. The uncontroverted, expert, scientific testimony[1] clearly

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1. Only Dr. Alley and Diffraction's expert, Dr. Henry M. Crosswhite, Jr., a Professor of Physics and Spectroscopy at The Johns Hopkins University, were offered and accepted as scientific expert witnesses. Kaehni's expert, Charles R. Rust, Esquire, was qualified only as an expert on patent law. Both Remson Wood (owner of Diffraction) and Frank J. Kaehni testified, but neither were offered as experts. Mr. Kaehni's testimony conflicted with the opinions offered by the experts and is weighed by the Court according to the qualifications presented.

establishes that Diffraction's product operates as only one grating, and this Court so finds.

The reason is apparent and readily grasped. The aluminum coating of the accused devices is only 200 angstroms thick. Dr. Alley's independent tests confirmed that measurement. An angstrom is equal to one ten-billionth of a meter, or one-quarter of a billionth of an inch. Thus, 200 angstroms "thickness" is less than one-millionth inch "thick." By comparison, a single wave length of visible light is from 3,500 to 7,500 angstroms in length, depending on the color.

Dr. Crosswhite testified that a 200 angstrom thickness of an unsupported transparent film is so thin it is invisible. The aluminum film is visible because of the light-scattering effect of the free electrons of the aluminum molecules. The diffraction process, he testified, occurs continuously over some distance as white light passes through a medium (in this case, aluminum). The minimum distance requisite for a double-diffraction effect is one-quarter of a wave length of light, or approximately 1000 angstroms. Thus, he concludes, the accused devices are incapable of producing a double-diffraction result. They operate as, and they are in fact, only one diffraction grating. This Court so finds as a fact.

Kaehni argues that light strikes the leading edge of the aluminum coating and is diffracted. It then passed through the 200 angstrom "thickness" of aluminum and encounters the grating impressed in the plastic substrate, where it is again diffracted. Thus, Kaehni argues that the aluminum film is both the initial diffraction grating *and* the "transparent body" referred to in his patent, which body functions to separate two distinct gratings, or grating zones. By comparison, a device offered by plaintiffs as an

example of a "Kaehni grating" (Plaintiffs' Exhibit 37, marked "1100") is roughly ⅛ inch thick, which is equal to approximately 31,250,000 angstroms. Plaintiffs' argument is patently specious, even to the lay mind.

Plaintiffs' argument fared no better with the scientifically-trained minds. Dr. Crosswhite testified that the diffraction process may, in a metaphysical sense, be said to begin at one point and end or recur at another. However, each electron in the aluminum medium acts identically to cause diffraction. The phenomenon occurs continuously as light passes through the medium; it cannot be said that the electrons on the front and back surfaces of aluminum are functioning independently or differently. He concludes that a 200-angstrom thickness does not provide sufficient separation to permit the grating on top of the aluminum film and the grating beneath it to operate as two diffraction gratings. Dr. Alley likewise testified that the 200-angstrom separation was insufficient to permit double diffraction. Plaintiffs produced no expert testimony to the contrary. Even Mr. Kaehni's testimony did not offer a theory to refute that upon which the scientific expert's finding, as well as the Court's finding, are based.

Another major obstacle rises up to defeat Kaehni's allegation of infringement. Patent 280 expressly deals exclusively with *transparent* gratings. This was made necessary by the existence of the Jacobson patent which described continuous, spiral lines on an opaque body. Thus 280 is operative only where two transparent diffraction gratings operate as a "transmission device."

Plaintiffs' indefatigable and imaginative resourcefulness, evidenced by his inventive nature and supported by the many patents he holds, was proved beyond doubt once again by the arguments proffered the Court on this point.

Aluminum, Mr. Kaehni argues, is transparent. More accurately, Kaehni maintains that the accused devices are transparent. Transparency is measured by the ability of the medium to transmit light. Window glass, for example, has roughly a 90% transmission factor, the remainder being either reflected or absorbed. The accused devices have a 3-4% transmission factor, he asserts, and this is sufficient to place them within the generic definition of "transparent."

After the sound of fluttering fingers dancing through dictionaries had filled the courtroom, it was established and agreed that in order to be transparent, a body must permit sufficient transmission of light so as to make objects on the other side "clearly" visible.

With the dictionaries silenced, plaintiffs proceeded to plunge the courtroom into darkness in order to prove their point. (But then, this Court has operated in darkness before.) With all the lights out, and with an accused device (Plaintiffs' Exhibit 15) held immediately in front of the eye, the windows of the courtroom (through which the clear light of day was pouring) were visible indeed, though detail was not "clearly" discernible. At this point I should like to comment that I would never have aluminum coating applied to my spectacles or to the window glass in my house.

The demonstration dazzled the eye and the judicial mind as well. However, through expert testimony the clear light of reason was shed upon this perplexing phenomenon. In the infinite metaphysical sense, no medium is entirely a transmission device, or entirely a reflective device. It follows that nothing is entirely transparent or entirely opaque. The accused devices could be described in lay terminology as "transparent," although

Dr. Crosswhite testified that the term enjoys no scientific efficacy.

The Jacobson patent creates a "reflective device." Transmission of light is not a function of such a device, though it may be an unavoidable occurrence to an insignificant degree. In order to avoid the Jacobson patent, the Kaehni patent had to be a transparent, transmission device, not an opaque, reflection device. Dr. Alley testified that his independent tests established an 89% reflection rate and a 2% transmission rate for the accused devices. However, he said, transmission is not a factor in the functioning of the accused devices—they are reflective devices falling within Jacobson's description, not Kaehni's.

Dr. Crosswhite testified that aluminum is a "scattering medium" as compared to a "transparent medium" and that notwithstanding a 2% transmission factor, the accused devices are not transparent in the optical sense. Based on the unanimous scientific expert testimony, this Court finds as a fact that the accused devices are not transparent and they do not function as transmission devices.

The conclusions of law regarding alleged infringement follow unavoidably from the fact findings hereinabove stated. Plaintiffs concede that Patent 280 covers only transparent transmission devices employing two diffraction gratings or grating zones. The terms of 280, to that extent, are clear. Claim 1 describes "a transparent spectroscope grating"; Claim 4 describes "a transparent body." Claim 1 describes a "grating having separated coaxial circular zones of grating lines"; Claim 4 describes "a transparent body having parallel sides, grating lines . . . on opposite sides."

While the terms of Claims 1 and 4 of the patent may be difficult to understand in their entirety, the indespensibility to infringement of the factors of transparency and multiple gratings are made clear by the terms of the patent and by Figure 15 of the patent (the only figure upon which the claims allowed may read). At Column 1, lines 1 through 5 of the patent it is stated:

> This invention relates to a new form of spectrum gratings commonly called diffraction gratings, and *the essential objects include producing such a grating upon surfaces of transparent bodies.* Plaintiffs' Exhibit 34. [Emphasis supplied].

Figure 15 is described in the patent, at column 3, lines 26, 27 thusly:

> Fig. 15 is a sectional view showing *gratings on opposite faces of the transparent block.* [Emphasis supplied].

The same figure is further described at column 7, lines 20 through 25:

> Fig. 15 shows *grating zones on the opposite sides of a paralleled sided block* and the light effects from a given source assume very definite contrasts as a result of change of distance from the light of the gratings affording means of measuring distance or small angle differences. [Emphasis supplied].

Plaintiffs' expert witness, a patent attorney not qualified as a scientific expert, testified that the accused devices "read on" claims 1 and 4 of Patent 280, and are substantially identical as well. Those conclusions are entirely untenable in light of the terms of the Kaehni patent and this Court's findings of fact. The accused devices, being neither transparent nor transmission devices, and func-

tioning as only one diffraction grating, do not, as a matter of law, infringe plaintiff Kaehni's Patent 280, and this Court so concludes.

Validity of 280

Only claims 1 and 4 are before the Court on the question of validity. Both of these claims describe a "spectroscope." Dr. Crosswhite testified that a spectroscope is a device for making visual measurements on the light spectrum. The device is used for observing light sources. He further testified that Kaehni's devices (as well as Diffraction's) were incapable of functioning in that manner for several reasons. Most significantly, the grooves on the devices before the Court are evenly spaced; in order to make measurements or focus on a single point, the grooves would have to be geometrically spaced. Second, the devices focus toward the axis and the device contains no reference or scale. There were additional reasons offered which, quite candidly, escaped the Court's comprehension.

On cross-examination by plaintiffs, Dr. Crosswhite conceded that, theoretically, if light approached a transparent body from opposite directions and passed through diffraction gratings on opposite sides of that transparent body, it was possible that the interaction of light within the body might behave in some unique manner, based on a double diffraction theory. He could not say that plaintiffs' device and method, as described in Claims 1 and 4 of 280, were completely incapable of performing some useful function, though that function remains unidentified by plaintiffs.

An idea in the abstract not reflected by some identifiable, useful result is not properly the subject of a patent. The evidence produced at trial appears to leave the plaintiffs with only an abstract idea. It is noteworthy that the

idea which survived is not premised on the principle of transmitting light in the same direction through both diffraction gratings and focusing the light at some common point beyond both gratings, which is the apparent basis of Claims 1 and 4 as they read on Figure 15. Moreover, the expert testimony that the claims as described in the patent can not function as a spectroscope remains unrebutted.

The Court is impressed from the totality of scientific testimony that Claims 1 and 4 of 280 could be invalid for the above-stated reasons.

However, the Court is not going to make a finding of invalidity for the following reasons: The Court is not satisfied that sufficient evidence has been offered, or that the available evidence is sufficiently clear, to support such a finding. The extreme narrowness of the claims granted in 280 is such as to make a finding of invalidity most difficult. The patent expired over six years ago and was never commercially exploited by Kaehni during its efficacy. Only two of the patent's four claims are before the Court. And finally, a determination of invalidity is not necessary to a decision of this case since there is clearly no infringement.

Costs and Attorneys' Fees

In its original Answer and Counterclaim filed July 11, 1969, in response to this suit, Diffraction asked for, *inter alia,* an award of costs and reasonable attorneys' fees. After the pretrial conference of October 19, 1971, which plaintiffs' counsel failed to attend, and as a result of which the Court indicated it would entertain motions of defendants to dismiss, Diffraction again moved for an award of costs and attorneys' fees. The motions to dismiss, as well as all remaining pretrial motions were heard and decided on January 28, 1972. In its Order filed Feb-

ruary 3, 1972, denying the motions to dismiss, this Court stated:

> IT IS FURTHER ORDERED, that the Court, at the conclusion of the trial on the issue of infringement in the event there is a finding of no infringement, will entertain Motions from the Defendants for costs and for attorneys' fees under Title 35 U.S.C. §285.

In the Pretrial Order submitted to and signed by the Court on March 27, 1972, Diffraction articulated in full its facts and arguments in support of an award of attorneys' fees. At the trial of this case, in its closing argument, Diffraction again addressed itself to the propriety of an award of attorneys' fees pursuant to 35 U.S.C. §285. Therefore, it should come as no surprise now that the Court considers an award of fees.

Testimony at trial establishes the following history of this case, which the Court finds as fact. After a lengthy and vigorous prosecution of his patent application, Kaehni was finally awarded four claims under 280. As is obvious from the examiner's rejection and the Appeal Board's grant, the claims were narrowly limited to multiple gratings on transparent bodies, because of the prior art generally, and the Jacobson patent specifically.

In 1950, plaintiffs first suspected 280 might be infringed by the accused devices in this case. Twelve years later, and for the first time, plaintiffs initiated an inquiry to Edmund Scientific. By 1964, plaintiffs were communicating with Diffraction. In 1966, Patent 280 expired, and over three years later, plaintiffs filed suit. There is no testimonial or documentary evidence offered of any correspondence between the parties or their attorneys during the five years between the last letter in June, 1964, and the filing of this suit in April, 1969.

Uncontroverted testimony discloses that shortly after suit was filed against Edmund Scientific, Mr. Edmund called Mr. Remsen Wood of Diffraction seeking assurance regarding defense of the suit. This was Mr. Wood's first notice that suit had been filed. Mr. Wood promptly called Kaehni and attempted, with reference particularly to the letter of June 25, 1964 (Defendant's Exhibit No. 12), to persuade Mr. Kaehni that an infringement suit was frivolous. Mr. Kaehni's sole reply was that he had been instructed by counsel not to discuss the suit. Accordingly, on May 28, 1969, Mr. Wood wrote plaintiffs' counsel and supplied a full explanation of the Diffraction devices, with actual gratings attached as exhibits, and method of manufacture, a full explanation of the Kaehni and Jacobson patents, and a complete explanation of the generic differences between Kaehni's patent and Diffraction's products regarding the critical differences of transparency and multiple diffraction gratings. This letter is in evidence as Plaintiffs' Exhibit No. 35.

There is no evidence that Mr. Kaehni, or any diffraction expert on his behalf, ever tested the samples provided by Mr. Wood, or any other alleged infringing devices for that matter. In fact, Mr. Kaehni testified that he had not examined his own patent (280) before he filed suit, nor had he examined it for the six year period prior to filing suit. Mr. Kaehni also testified that he had not sought or received advice of a patent attorney during the preparation and filing of this suit and the eight other suits in MDL #36.

Thus began the arduous and prolonged discovery and pre-trial proceedings of this case. Not atypical of this tpye litigation, the proceedings were frequently punctuated with delays, failures to make timely filings and responses, evasive answers to interrogatories and requests

for admissions, and innumerable scheduling conflicts and postponements. No party emerged from this ordeal with "clean hands." However, the singularly atypical feature of the discovery portion of this case was plaintiffs' continuous and complete failure to make a substantively meaningful showing of grounds for its infringement allegation. Plaintiffs proceeded on the barest minimum of allegations sufficient to keep factual issues alive and avoid the numerous motions for dismissal and summary judgment. The eccentricities of federal pleading generally, and patent law particularly, permitted this case to survive three years of discovery and proceed to trial.

The Court has characterized as atypical the plaintiffs' responses as to the substance of infringement. That conclusion is reached after a careful examination of the relevant interrogatories, requests for admissions, and responses thereto by both parties. They may be summarized as follows: Plaintiffs' discovery was directed almost exclusively at matters relating to damages. No requests for sample products or methods of manufacture and specifications were ever made. Apparently, plaintiffs were satisfied with Diffraction's voluntary submissions, most notably Plaintiffs' Exhibit No. 35.

Diffraction's interrogatories, as might be expected, were directed almost exclusively at infringement. Specifically, Diffraction queried plaintiffs' understanding of the physical characteristics (re transparency *vel non* and plurality of gratings) of Diffraction's products and the Jacobson and Kaehni patents. *See*, "Interrogatories of Defendant Diffraction Company Submitted to Plaintiffs Kaehni," Question No. 26 (a), filed July 11, 1969; "Defendant's Interrogatories, Second Set," Question No. 8, filed November 14, 1969. In response, plaintiffs steadfastly maintained that the accused devices were trans-

parent and had diffraction gratings impressed both on the aluminum coating on top *and* on the bottom side of the plastic substrate (a position plaintiffs completely abandoned at trial). *See,* "Plaintiffs' Answers to Defendant's Interrogatories," Answer 26 (a), filed August 20, 1969; Plaintiffs' Answers to Defendant's Second Set of Interrogatories," Answer 8, filed February 10, 1970. I must note at this point that throughout these discovery proceedings, plaintiffs had the samples attached to Plaintiffs' Exhibit No. 35 in possession and that those samples quite clearly had not been impressed on the bottom with an additional grating. While this is evident to the untrained eye, it is undoubtedly obvious to a trained eye and conclusive upon even a modicum of rudimentary investigation. Yet, Mr. Kaehni, himself an authority in such matters, continued to press the allegations.

Diffraction's requests for admissions are more telling. As a result of Diffraction's first "Request for Admission," Request No. 4, filed January 12, 1970, plaintiffs admitted they had no claim against Diffraction if their devices "had grating lines only on one side of the body having the rulings thereon, without any separated coaxial or concentric zones." *See,* "Plaintiffs' Response to Request for Admission," filed February 10, 1970. As noted above, even a most superficial analysis of the samples provided plaintiffs would have disclosed to plaintiffs the absence of a separate grating on the back of the accused devices and would thus have eliminated the "genuine" issue of material fact in accordance with plaintiffs' own admission, *supra.*

We now come to the most forceful, single episode in this improvident chain of events. As these documents are in evidence in the case, they will not be described at length here. In summary, Diffraction's second Request

for Admission, filed February 12, 1970 (Defendant's Exhibit 13), amounts to a textbook of instruction in the production of "Kaehni" gratings, "Jacobson" grating, and the accused devices. It includes eight sample gratings complete with full explanations of their origins and differences in the critical areas of transparency and plurality of gratings. Plaintiffs' response (Defendant's Exhibit 14), filed August 7, 1970, is woeful indeed. It states simply, "Plaintiffs deny request[s] No. 1 [through 7] in that the facts upon which the request is based are primarily within defendant's knowledge and control." That statement goes completely without support in fact and in the record. Moreover, in order for the foregoing statement to be completely candid, one would have to believe that Diffraction knows more about "Kaehni" gratings and Patent 280 than does the inventor himself, Plaintiff Frank Kaehni. Mr. Kaehni testified that he has lived in the same house for fifty years and that his workshop, where he and his brother (while living) had done the majority of their experimenting, inventing and developing, is in the basement of that house. Plaintiff further testified that he continues to this day to be active in his workshop. Considering Defendant's Exhibit 13, plaintiff had everything at his disposal *except* the inclination to verify Diffraction's assertions. He failed to do so and continued to press his claim.

At some point after this last response and before trial, plaintiff abandoned his argument that the accused devices had an additional grating impressed on the bottom of the plastic. The only theory offered at trial was the new argument that the grating simultaneously impressed on *top* of the plastic substrate was the second grating and that the one-millionth-inch thick aluminum coating was the "transparent" body that separated the two. Frankly, this theory is as thin as the aluminum coating that sup-

ports it. The infringement question in this case is by no means close; nor is it even substantial. The outcome on this issue, if such things can be quantified, is a "sure thing" if ever that exists in the law. There is not the slightest hint of infringement, and plaintiffs' allegations are completely groundless. There is no evidence that Mr. Kaehni ever conducted, or caused to be conducted, any tests to determine the nature of Diffraction's devices or the existence *vel non* of infringement.

With the factual background established hereinabove, the Court now turns to Title 35 U.S.C. §285, which today provides:

> The court in exceptional cases may award reasonable attorney fees to the prevailing party.

Prior to 1946, there was no provision in Patent law for the award of attorney fees. By an act amending Revised Statutes 4921 (U.S.C.A., Title 35, Patents, Sec. 70), Congress, in 1946, added the following:

> The court may in its discretion award reasonable attorney's fees to the prevailing party upon the entry of judgment on any patent case. [U.S. Code Cong. Serv. 1946, p. 744].

The intent of Congress is made clear by Senate Report No. 1503, June 14, 1946, which states:

> It is not contemplated that the recovery of attorney's fees will become an ordinary thing in patent suits, but the discretion given the court in this respect, in addition to the present discretion to award triple damages, will discourage infringement of a patent by anyone thinking that all he would be required to pay if he loses the suit would be a royalty. *The provision is also made general so as to enable the court to pre-*

> *vent a gross injustice to an alleged infringer.* [U.S. Code Cong. Serv. 1946, p. 1387]; [Emphasis supplied].

Thus, Congress made the provision "general"; it was not meant to apply only in favor of plaintiff-patentees or only in favor of alleged infringers. It was not meant to apply solely in situations where infringement had been intentional or in situations where a patentee had acted fraudulently.

The courts, interpreting the new provision, evolved the following standard:

> The exercise of discretion in favor of the allowance of attorney's fees should have its source in unfairness or bad faith on the part of the losing party, or in some other equitable consideration such as vexatious or wholly unjustified litigation which makes it grossly unjust for the prevailing party in the particular case to bear the burden of his own counsel fees. [Citations omitted]. *Merrill v. Builders Ornamental Iron Co.*, 197 F.2d 16, 25 (10th Cir. 1952).

This standard was applied in light of the caveat that the award is not to be made "as a matter of course in the ordinary patent suit," nor "as a penalty for failing to prevail." *Id.* at 25. Significantly, the test remained "general"; the judicial approach was one of equity.

Congress amended the provision in 1952 to add the "exceptional case" requirement. On that occasion the report of the Senate Committee on the Judiciary stated:

> . . . '[I]n exceptional cases' has been added as expressing the intention of the present statute *as shown by its legislative history and as interpreted by the Courts.* [U.S. Code Cong. and Admin. News, 1952, p. 2423]; [Emphasis supplied].

The post-amendment standard has continued the old standard virtually without change:

> The exercise of discretion in favor of an allowance of attorneys' fees should be based upon a finding of unfairness or bad faith in the conduct of the losing party, or some other equitable consideration of equal force, which makes it grossly unjust that the prevailing party be left to bear the burden of his own counsel fees. [Citations omitted]. *Purer & Company v. Aktiebolaget Addo,* 410 F.2d 871, 880 (9th Cir.), *cert. denied,* 396 U.S. 834 (1969).

The "exceptional" label has proved to be no more than a label, which is in accord with Congress' intent.

What type of cases may be said to fall within the "exceptional" category?

> "[E]xceptional circumstances have been interpreted as incorporating concepts of fraud, malice, bad faith and other similar concepts, . . ." . . . .
>
> The cases that have spoken to this question indicate that for an award of attorneys' fees to be upheld the trial court must have found unfairness, bad faith or inequitable or unconscionable conduct on the part of the losing party. [Citations omitted]. *Uniflow Manufacturing Co. v. King-Seeley Thermos Co.,* 428 F.2d 335, 341 (6th Cir.), *cert. denied,* 400 U.S. 943 (1970).

The courts have spun off several theories in decided cases of the circumstances which constitute the requisite "unfairness" or "bad faith." Most common are those in which the patent has been knowingly, intentionally infringed, and those in which the patent was originally obtained by fraud. Another example is a plaintiff-patentee

prosecuting on the basis of an obviously invalid patent. This Court's search has disclosed no case or rule of law which requires that a patent be held invalid before the alleged infringer is properly awarded attorneys' fees. Nor does §285 or its history create such requirement. No court holding or rule of law prohibits declaring a case "exceptional" and awarding attorneys' fees on the ground that the allegation of infringement is frivolous and/or brought without reasonable care. Conversely, no case law supports such a proposition, although some cases have hinted at its propriety.

Although the question presented by the facts of this case is novel to that extent, the principle underlying the provision of §285 makes it clear that a case can be "exceptional" on the basis of such conduct, provided the facts show the plaintiff-patentee's conduct to be sufficiently "vexatious or wholly unjustified." The invalidity of the patent asserted is but one type of proof that the patentee has so conducted the litigation. If qualitatively the plaintiff has acted unjustifiedly, and if quantitatively his conduct makes it unconscionable for the alleged infringer to bear his own attorneys' fees, the terms of §285 have been satisfied.

This Court now holds that a case can be "exceptional" within the meaning of §285 where the allegation of infringement is frivolous and/or asserted without reasonable care and sufficient justification. A similar holding appears in principle in *Wood Products Development Co. v. Cloud Oak Flooring Co.*, 267 F. Supp. 193, 248 (W.D.Mo. 1966):

> In regard to the Red patent, the record specifically shows that at the prelitigation Springfield meeting, counsel for the Defendants specifically pointed out how the Red patent's claims were limited to the provision of opposed pairs of resilient strips and means

> on opposite sides of the machine to adjust those strips to effect the radius of curvature—an arrangement which is not present in the machines—and that he "implored" counsel for the Plaintiff to at least simplify the controversy to the extent of withdrawing the infringement of this patent. Under these circumstances, the invocation of the Red patent by the Plaintiff and maintaining this patent in suit for 21 months, and indeed until after the formal opening of the trial, placed a completely unnecessary and unwarranted burden upon the Defendants, which cannot in any way be justified by an argument that the question of infringement was close enough as to be a matter upon which informed reasonable counsel might differ, the Defendants are entitled to an award of their reasonable attorneys' fees and disbursements for preparing for trial on the patent.

See also, Ellipse Corporation v. Ford Motor Company, 452 F.2d 163 (7th Cir. 1971), which agrees in principle but holds the facts insufficient to support an award. Interestingly, that case permitted an award of fees to the prevailing defendant (alleged infringer) for fees attributable to a portion of the complaint which was dropped by the plaintiff before trial. *Id.* at 172.

I referred earlier to a category of cases which holds obvious invalidity of a patent sufficient to invoke §285. The analogy to obvious lack of infringement seems to me a strong one. The line of cases I refer to holds:

> . . . [W]hen the invalidity of a patent is so obvious that anyone skilled in the art, and any competent patent attorney, must have recognized prior to trial that the patent was invalid, the patent action is prosecuted in bad faith and the defendant may be entitled

> to attorneys' fees under 35 U.S.C. §285. *Dole Valve Company v. Perfection Bar Equipment, Inc.*, 318 F. Supp. 122, 124 (N.D.Ill. 1970).

See also, Talon, Inc. v. Union Slide Fastener, Inc., 266 F.2d 731 (9th Cir. 1959); *Stock Equipment Co. v. Beaumont Birch Co.*, 140 U.S.P.Q. 134 (E.D.Pa. 1963). A similar rule was succinctly stated in a recent New York decision:

> It is established in this District that only where the court is convinced that the patent in suit is so wholly devoid of substance that the plaintiff could not have had a bona fide belief in its validity shall it award the defendant reasonable attorneys' fees pursuant to 35 U.S.C. §285. [Citations omitted]. *Indiana General Corp. v. Krystinel Corp.*, 297 F.Supp. 427, 449 (S.D.N.Y. 1969).

The obvious-invalidity basis for declaring a case "exceptional" was also recognized in this Circuit in the case of *Tidewater Patent Development Co., Inc. v. Kitchen,* 371 F.2d 1004 (4th Cir.), *cert. denied,* 389 U.S. 821 (1967).

It is noteworthy that a presumption of validity attaches to a patent issued by the United States Patent Office. This would tend to bolster the belief of the patentee contemplating an infringement suit and lend credence to the claim of validity.

No such presumption attaches to an allegation of infringement; no outside, impartial opinion substantiates the patentee-plaintiff's opinion. Therefore, if obvious invalidity can serve as an indication of bad faith, the obvious absence of infringement should serve even more forcefully to indicate bad faith.

Thus, I reach the pivotal question in the determination, within this Court's discretion, of the propriety of

awarding attorneys' fees. Can this case be brought within the "exceptional" category because the allegation of infringement has not been advanced with reasonable care or was frivolous?

The Federal Rules of Civil Procedure permit minimal pleadings, and a complaint will survive motions to dismiss and summary judgment so long as the plaintiff has salvaged a single "genuine issue as to any material fact." In patent cases the issue of infringement is not such as can be ferreted out as frivolous without going into a detailed investigation which would tend to defeat the purposes of the federal rules. The parties must be trusted to act responsibly. *See* Fed. Rules Civ. Proc., Rule 11.

An award of attorneys' fees is within the sound discretion of the trial court, and is only to be made where the trial court's specific findings bring the case within the "exceptional" definition. *Uniflow Manufacturing Co. v. King-Seeley Thermos Co., supra,* at 341. Based on the following findings, I conclude that this case is "exceptional" and that reasonable costs and attorneys' fees are hereby awarded to defendant Diffraction:

1. The infringement question in this case is not close enough as to be a matter upon which informed, reasonable counsel might differ; nor is it close enough as to be a matter upon which scientifically-informed, reasonable men might differ.

2. Plaintiffs failed to use reasonable care in assessing their infringement allegation prior to bringing suit against Diffraction.

3. Plaintiffs failed to use reasonable care, and failed to act responsibly, when they failed to examine and test the accused devices provided by Diffraction. Plaintiff,

Frank J. Kaehni, had both the expertise and the facilities in his home to conduct tests which would have disclosed the absence of infringement.

4. As of May 28, 1969, and by virtue of Plaintiffs' Exhibit 35, plaintiff, Frank J. Kaehni, had in his possession sufficient information and samples to discover the absence of infringement. His failure to do so deprived plaintiffs of the good faith with which they would normally be cloaked.

5. Plaintiffs' complete lack of candor in answering interrogatories and requests for admission (specifically Diffraction's Second Request for Admission) was such as to render their subsequent conduct in bad faith.

6. Plaintiffs' conduct throughout the entire history of this case can only be characterized as vexatious and wholly unjustified in light of their lack of candor and failure to conduct tests and discover the absence of infringement.

7. Defendant Diffraction has, throughout the history of this case, done everything in its power to end the litigation and avoid its enormous cost, and, in light of plaintiffs' wholly unjustified conduct, it would be unconscionable and "grossly unjust" to now require Diffraction to bear the burden of that cost.

There are additional factors disclosed by the facts of this case which, though perhaps not properly an integral part of the determination to award attorneys' fees, are nonetheless stated here because they "feed back" to support the outcome. As a result of the nature of the patent application prosecuted by plaintiffs, they were aware of the narrowness of the claims granted, specifically in relation to the Jacobson patent and other references listed

in 280. Plaintiffs never commercially exploited the monopoly granted in 280. Plaintiffs' delay in bringing suit (some nineteen years after plaintiffs suspected infringement) cannot be considered timely prosecution. The prolonged discovery and pretrial proceedings in this case, at the least, suggest that plaintiffs' true purpose was harassment of the nine defendants (of MDL No. 36). Finally, plaintiffs failed to produce at trial a scientific expert to testify in support of their theory of infringement, and indeed, in support of the validity of Claims 1 and 4 of 280.

The Court notes that it must distinguish between overzealous clients and overzealous counsel, for §285 is directed only at the former. *Monolith Portland Midwest Co. v. Kaiser Aluminum & Chemical Corp.*, 407 F.2d 288 (9th Cir. 1969). Therefore, it is appropriate for the Court at this time to reiterate and make clear the fact that it is the conduct of the plaintiff, Frank J. Kaehni, which provides the basis for the findings and conclusions regarding attorneys' fees. Moreover, *Monolith, supra,* holds that where a case is "exceptional" for proper reasons, prolongation of the case, even if resulting from counsel's conduct, is properly considered in determining the amount of fees to be awarded.

In accordance with the findings and conclusions hereinabove stated, it is the determination of this Court that Diffraction be awarded costs and reasonable attorneys' fees resulting from this litigation from May 28, 1969 (the date of Plaintiffs' Exhibit 35) up to the present.

The question now arises as to that portion of Diffraction's efforts aimed at the defense of invalidity. A similar situation arose in *Talon, Inc. v. Union Slide Fasteners, Inc., supra,* wherein that court stated, at 740:

> In our view, such award to a defendant may include services rendered by his attorney in connection with a separate defense set forth in the answer even though the trial court should ultimately conclude that such defense had not been sustained; provided that such defendant prevails in the action and that such defense was relevant and material, and was asserted and maintained in good faith.

I find this argument most persuasive, and most definitely applicable to the facts of this case. Certainly, Diffraction has met all of the criteria set out, and indeed, has as much as prevailed on the issue of validity. I therefore conclude that Diffraction is entitled to all of its reasonable costs and attorneys' fees in this action, since the only issues involved before and during trial were those of validity and infringement.

As the Court is not presently in possession of sufficient information to make a specific award, Diffraction is hereby ordered to submit to the Court, with a copy to plaintiffs, a proposed Order of Court in this connection. Plaintiffs will be permitted to respond, and a hearing will be granted, if requested.

Expenses on Failure to Admit

As an alternative to award of fees pursuant to 35 U.S.C. §285, Diffraction has moved under Fed. Rules Civ. Proc., Rule 37 (c), for an order requiring plaintiffs to pay the reasonable expenses, including attorneys' fees, incurred in proving the truth of the matters contained in Diffraction's Second Request for Admission (Defendant's Exhibit 13), filed February 12, 1970, which matters plaintiffs failed to admit in its Response (Defendant's Exhibit 14), filed August 7, 1970

These documents were fully discussed in the preceding section of this opinion, and the Court's findings and conclusions were set out in full, *supra*, all of which the Court now incorporates herein by reference. In addition, the Court now finds that Diffraction's Request was not held objectionable pursuant to Rule 36 (a); the admissions sought therein were of substantial importance, indeed, they were dispositive of the entire case; plaintiffs had no reasonable ground to believe they might prevail on the matters, or if they did, those reasons were not apparent from plaintiffs' wholly irresponsible response that the facts were primarily with Diffraction's knowledge and control; and finally, there was no other good reason for plaintiffs' failure to admit.

A careful examination of Diffraction's Request (Defendant's Exhibit 13) discloses that questions numbered 2 and 3 are exhaustive of the transparency and multiple grating issues. Inasmuch as these two issues constituted Diffraction's entire defense of the suit, and insofar as plaintiffs' failure to admit was irresponsible and inexcusable, the Court concludes, as an alternative to the holding regarding attorneys' fees, *supra*, that plaintiffs shall be required to pay to Diffraction the reasonable costs and attorneys' fees incurred as a result of plaintiffs' failure to admit the matters contained in Diffraction's Second Request for Admission, filed February 12, 1970. All reasonable costs and fees related to the infringement portion of this suit are to be included. Diffraction is hereby ordered to file a schedule of costs in accordance with this alternative holding. Plaintiffs may respond accordingly, and this matter will be heard together with the proposed Order for all costs and fees requested, *supra*.

In summary, this Court concludes that plaintiffs' Patent 280 is not infringed by the accused devices of Diffraction. The Court declines to rule on the question of validity of 280. Reasonable costs and attorneys' fees are awarded to Diffraction pursuant to 35 U.S.C. §285. In the alternative, Diffraction is awarded its expenses due to plaintiffs' failure to admit. Counsel are directed to submit a final Order of Judgment in accordance with this opinion.

/s/ EDWARD S. NORTHROP

Chief United States District Judge

APPENDIX B

Order of Court of Appeals Affirming District Court's Judgment

No. 72-1891

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

FRANK J. KAEHNI and MARIE KAEHNI,
Appellants,

v.

DIFFRACTION COMPANY,
Appellee.

APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND, AT BALTIMORE
EDWARD S. NORTHROP, CHIEF JUDGE

Decided February 14, 1973

Before WINTER and CRAVEN, *Circuit Judges,* and ALBERT V. BRYAN, JR., *District Judge.*

PER CURIAM:

Our consideration of the motion of Difraction Company for summary affirmance persuades us that this appeal is lacking in merit. The opinion of the district court was not clearly erroneous in its factual aspects and it was correct in its legal conclusions. On the authority of it, we grant the motion and affirm the judgment.

AFFIRMED.

APPENDIX C

Order of Court of Appeals Denying Motion for Reconsideration

(Filed March 30, 1973)

No. 72-1891

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

FRANK J. KAEHNI and MARIE KAEHNI,
Appellants,

v.

DIFFRACTION COMPANY,
Appellee.

ORDER

The petition of Frank J. Kaehni, et al., for a rehearing having been read and considered, it is with the concurrence of Judge Craven and Judge Bryan, Jr., ORDERED that said petition be and it is hereby denied.

For the Court:

/s/ HARRISON L. WINTER
United States Circuit Judge

APPENDIX D

Federal Rules of Civil Procedure

Rule 36. Requests For Admission

(a) *Request for Admission.* A party may serve upon any other party a written request for the admission, for purposes of the pending action only, of the truth of any matters within the scope of Rule 26 (b) set forth in the request that relate to statements or opinions of fact or of the application of law to fact, including the genuineness of any documents described in the request. Copies of documents shall be served with the request unless they have been or are otherwise furnished or made available for inspection and copying. The request may, without leave of court, be served upon the plaintiff after commencement of the action and upon any other party with or after service of the summons and complaint upon that party.

Each matter of which an admission is requested shall be separately set forth. The matter is admitted unless, within 30 days after service of the request, or within such shorter or longer time as the court may allow, the party to whom the request is directed serves upon the party requesting the admission a written answer or objection addressed to the matter, signed by the party or by his attorney, but, unless the court shortens the time, a defendant shall not be required to serve answers or objections before the expiration of 45 days after service of the summons and complaint upon him. If objection is made, the reasons therefor shall be stated. The answer shall specifically deny the matter or set forth in detail the reasons why the answering party cannot truthfully admit

or deny the matter. A denial shall fairly meet the substance of the requested admission, and when good faith requires that a party qualify his answer or deny only a part of the matter of which an admission is requested, he shall specify so much of it as is true and qualify or deny the remainder. An answering party may not give lack of information or knowledge as a reason for failure to admit or deny unless he states that he has made reasonable inquiry and that the information known or readily obtainable by him is insufficient to enable him to admit or deny. A party who considers that a matter of which an admission has been requested presents a genuine issue for trial may not, on that ground alone, object to the request; he may, subject to the provisions of Rule 37 (c), deny the matter or set forth reasons why he cannot admit or deny it.

The party who has requested the admissions may move to determine the sufficiency of the answers or objections. Unless the court determines that an objection is justified, it shall order that an answer be served. If the court determines that an answer does not comply with the requirements of this rule, it may order either that the matter is admitted or that an amended answer be served. The court may, in lieu of these orders, determine that final disposition of the request be made at a pre-trial conference or at a designated time prior to trial. The provisions of Rule 37 (a) (4) apply to the award of expenses incurred in relation to the motion.

Rule 37. Failure To Make Discovery: Sanctions

(c) Expenses on failure to admit. If a party fails to admit the genuineness of any document or the truth of any matter as requested under Rule 36, and if the party requesting the admissions thereafter proves the genuineness

of the document or the truth of the matter, he may apply to the court for an order requiring the other party to pay him the reasonable expenses incurred in making that proof, including reasonable attorney's fees. The court shall make the order unless it finds that (1) the request was held objectionable pursuant to Rule 36 (a), or (2) the admission sought was of no substantial importance, or (3) the party failing to admit had reasonable ground to believe that he might prevail on the matter, or (4) there was other good reason for the failure to admit.

APPENDIX E

Form A. O. 133 (Rev.)

BILL OF COSTS

United States District Court
for the

DISTRICT OF MARYLAND

FRANK J. KAEHNI and
MARIE KAEHNI
vs.
THE DIFFRACTION COMPANY

Civil Action File No. 20593

Judgment having been entered in the above entitled action on the 6th day of June, 1972, against Frank J. Kaehni and Marie Kaehni the clerk is requested to tax the following as costs:

BILL OF COSTS

Fees of the clerk	$
Fees of the marshal	
Fees of the court reporter for all or any part of the transcript necessarily obtained for use in the case	
Fees and disbursements for printing	
Fees for witnesses (itemized on reverse side) (McClellan Affidavit-Ex.1)	2,100.00
Fees for exemplification and copies of papers necessarily obtained for use in case (Wood Affidavit Ex. 2)	42.00
Docket fees under 28 U. S. C. 1923	
Costs incident to taking of depositions (Ex. 1 and Civiletti Affidavit-Ex. 3)	800.37
Cost as shown on Mandate of Court of Appeals	
Other Costs (Please itemize)	
Attorneys' Fees (Schedule A attached)	41,684.96
Preparation of Court Exhibits (Exhibit 2)	1,200.00
Hugh Wynd, President, Diffraction Co. Trial Attendance (Schedule B attached)	300.00
Nansen Wood, Chairman of Board, Diffraction Co. (formerly President) - Travel Expenses and Time Devoted to Litigation (Schedule B attached)	31,878.00
Total	$ 78,005.33

State of Maryland
City of Baltimore : ss:

I, Benjamin R. Civiletti do hereby swear that the foregoing costs are correct and were necessarily incurred in this action and that the services for which fees have been charged were actually and necessarily performed. A copy hereof was this day mailed to Edward I. Stillman, Esq. 1610 Euclid Avenue, Cleveland, Ohio with postage fully prepaid thereon.

Please take notice that I will appear before the Clerk who will tax said costs on
19 at

Benjamin R. Civiletti
Attorney for Defendant, Diffraction Company

Subscribed and sworn to before me this 24th day of July A. D. 19 72
at Baltimore, Maryland

Notary Public.

Costs are hereby taxed in the amount of $ this
of , 19 , and that amount included in the judgment.

Clerk.

By
Deputy Clerk.

NOTE: SEE REVERSE SIDE FOR AUTHORITIES ON TAXING COSTS.